

Iran In Yemen: Tehran's Shadow Looms Large, But Footprint Is Small

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Classified By: Ambassador Stephen Seche for reasons 1.4(b) and (d).

(ROYG) = Republic of Yemen Government

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1. (S/NF) SUMMARY. Despite repeated ROYG accusations of Tehran's material and financial support to the Houthi rebels in Sa'ada and increasingly belligerent media exchanges between Yemen and Iran, Iranian influence in Yemen has thus far been limited to informal religious ties between Yemeni and Iranian scholars and negligible Iranian investment in the energy and development sectors. While Iran has good strategic reasons to involve itself in Yemeni affairs - including Yemen's proximity to Saudi Arabia and the presence of a large Zaydi Shiite population) the only visible Iranian involvement remains the Iranian media's proxy battle with Saudi and Yemeni outlets over support for the Houthis. Significant gaps exist in post's knowledge of Iranian activities in Yemen due to the sensitivity of the subject and post's very limited access to events in Sa'ada. Post believes that while documented influence is limited, Iran's strategic interests in Yemen merit close monitoring in the future. END SUMMARY.

IRAN-ROYG RELATIONS

2. (S/NF) After two high-profile Iranian official visits to Sana'a in early 2009, the formal bilateral relationship has rapidly deteriorated as a result of renewed fighting in Sa'ada governorate. Iran maintains an embassy in Sana'a headed by Ambassador Mahmoud Zada. According to DATT sources, Iran is not providing any military training to the Yemenis, and there have been no announced military sales between the two countries in recent years. Iranian Speaker of Parliament Ali Larijani visited Yemen in May 2009 to discuss Iranian investment in Yemen's energy and infrastructure sectors and the bilateral relationship. During Iranian Foreign Minister Manouchehr Mottaki's June visit to Sana'a, his second in two years, both nations maintained at least a public appearance of normal bilateral cooperation. Mottaki told local media at the time, "Iran is pursuing an honest and friendly approach towards Yemen. Iran wants progress, security and prosperity for Yemen."

3. (S/NF) With the August onset of the sixth war in Sa'ada, however, the ROYG has reverted to its previous position that Iran is intent on meddling in Yemen's internal affairs. Ministry of Foreign Affairs (MFA) Chief of Protocol Abdullah al-Radhi, who spent over a decade in Tehran as a student and diplomat, including a tour as Yemen's ambassador to Iran, echoed the near-unanimous attitude of ROYG officials when he told the DCM on August 23 that he believes Iran wants a strong political card to play in Yemen similar to Hezbollah in Lebanon. He said that Yemen tried to normalize the relationship with the visits of Larijani and Mottaki, but Yemen "cannot accept" Iranian attempts to convert the Yemeni Zaydis to Twelver Shiism. (Note: The ROYG views Zaydi Shiites as less extremist and closer in practice to Sunnis than the Twelver Shiism predominant in Iran. End Note.) Radhi also said that the Iranians are still upset about Yemen's

support for Iraq during and since the first Gulf War.

IRAN AND THE HOUTHIS

4. (S/NF) Although the ROYG maintains that Iran is providing material and financial support to the Houthi rebels in Sa'ada, little evidence has surfaced to date that supports this claim. President Saleh told General Petraeus in a July 26 meeting that the National Security Bureau (NSB) had a DVD showing Houthi rebels training with Hezbollah uniforms and tactics. (Note: In a follow-up conversation, NSB Deputy Director Ammar Saleh claimed no knowledge of the DVD. End Note.) In an August 17 meeting, Saleh told Senator McCain that Iran was working against Yemeni stability because it believed that a weakened Yemen would hurt the U.S. and Saudi Arabia, both traditional enemies of Iran. In the same meeting, NSB Director Ali Mohammed al-Ansi claimed that the ROYG had arrested two separate "networks" of Iranians in Yemen on charges of espionage in connection with the Houthis and that one of the accused admitted to providing \$100,000 every month to the Houthis on behalf of the Iranian government. Ansi told Deputy National Security Advisor John Brennan on September 6 that the ROYG was unable to share the evidence from this case because it was still in the courts. (Comment: Since the outbreak of hostilities in 2004, the ROYG has used many different arguments, including the Houthis' alleged ties to Iran and Hezbollah, to attempt to convince the USG to declare the Houthis a Foreign Terrorist Organization (FTO). In 2008, the ROYG gave post a dossier of information purporting to show ties between the Houthis and Iran. Post passed on the file to the inter-agency community in Washington. Analysts agreed that the information did not prove Iranian involvement in Sa'ada. End Note.)

5. (S/NF) ROYG spokesman Hassan al-Lawzi has repeated statements throughout the three weeks of fighting in Sa'ada accusing Iran of supporting the Houthi rebels. On September 1, Foreign Minister Abubakir al-Qirbi publicly warned Iran that interference in the Sa'ada conflict would have a negative impact on bilateral relations and that, if such interference continued, Yemen could be forced to make "hard decisions," according to media reports. Qirbi also lodged an official complaint with the Iranian Embassy in Sana'a detailing Yemen's displeasure with Iranian support for the Houthis. Director for External Financial Relations at the Ministry of Finance Fouad al-Kohlani told PolOff on August 19 that the Houthis' level of organizational sophistication and military successes against government forces indicate a higher level of financial resources than the Houthis could attain on their own. He speculated that because of its strategic interest in gaining a foothold near Saudi Arabia, Iran was likely the Houthis' financial backer. The Iranians, for their part, continue to deny any interference in Sa'ada. On August 23, the Iranian Embassy in Bahrain stated that Iran had no connections to events in Yemen and "supports any movement that works to unify the ranks of the Yemeni people," according to Bahraini media. The Iranian Embassy in Sana'a repeated these statements on September 7, Yemeni media reported.

6. (S/NF) Media reports on August 22 cited ROYG officials claiming to have uncovered six storehouses of Houthi-owned, Iranian-made weapons) including machine guns, short-range rockets and ammunition) near Sa'ada City. In an August 25 meeting, however, Ministry of Defense Chief of Staff Major General Ahmed al-Ashwal told the OMC Chief that a limited number of weapons "of Iranian manufacture" were found in the area, but would not provide information on the quantity or type,

and avoided a direct request from EmbOffs to view the weapons. In June, ROYG military contacts told the DATT that relations between the two countries were “strained” because of Iran’s support for the Houthis, and denied that the ROYG was either communicating or in cooperation with Iranian ships conducting counter-piracy missions in the Gulf of Aden. (Note: GRPO reporting confirms ROYG refusals to allow Iranian vessels access to Aden harbor, reportedly over ROYG concern that Iran was using Eritrea to ship weapons to the Houthis. End Note.) According to Presidential Advisor for Sa’ada Affairs and Sa’ada native Mohammed Azzan, however, the Houthis do not need to receive weapons from outside of Yemen because they can easily capture or purchase them from the Yemeni military. Joint Meeting Parties (JMP) Chairman and the Zaydi-affiliated al-Haq Party Secretary General Hassan al-Zayd, who communicates on a daily basis with Houthis and other Sa’ada residents, agreed that the Houthis’ weapons came from the Yemeni military) either through capture or abandonment on the battlefield or via black-market arms deals by corrupt military commanders – and not from an external source such as Iran.

7. (S/NF) The general consensus among civil society is that Iranian government influence in Sa’ada is minimal, but the Houthis might receive some financial support from Iranian groups or individuals. The JMP’s Zayd, who travels to Sa’ada frequently, told PolOff on August 26 that Iran had not been involved historically in the conflict in Sa’ada, but with changing domestic circumstances in Iran, might have become involved in the latest round of fighting. He added, however, that he has no knowledge of any Iranian nationals in Sa’ada in recent years. (Note: The ROYG used to grant Iranians living in Yemen hajj visas to travel overland to Mecca, but stopped issuing the visas some time ago because the ROYG was

uncomfortable about Iranians traveling through Sa'ada into Saudi Arabia. End Note.) NDI's Deputy Country Director Murad Zafir speculated that Iranian groups are likely giving money to the Houthis, but he does not know to what extent. With that money, the Houthis buy weapons from corrupt elements of the Yemeni armed forces that sell weapons and munitions, Zafir alleged. Civil society actors, however, were also unable to provide any concrete evidence of the involvement of any Iranian nationals in Sa'ada.

8. (S/NF) To date, Iran's most visible involvement in the sixth war in Sa'ada has been the Iranian media's proxy battle with Saudi and Yemeni outlets over Iranian support for the Houthi rebels (Ref B). Continuing a tradition that dates back to the earliest stages of the Sa'ada conflict, the ROYG has accused Iran of financially and materially supporting the Houthi rebels. For its part, Iran) through state media outlets including English-language Press TV and Arabic-language al-Alam TV) has claimed that Saudi Arabia is directly involved in the military campaign against the Houthis. The Sa'ada conflict has thus become a propaganda war between Yemen, eager to enlist the support of its Sunni Arab neighbors and the U.S., and Iran, allegedly seeking to nurture a Shi'a proxy force on the Arabian Peninsula. On August 24, Iranian al-Alam TV quoted rebel leader Yahya al-Houthi as denying Iranian support for the Houthis. Iranian media have consistently shown video footage intended to embarrass the ROYG, including images of alleged soldiers fleeing the fighting and Houthis dancing on top of abandoned ROYG armored vehicles.

IRAN AND THE SOUTH

9. (S/NF) Little evidence) or even debate) exists regarding Iran's role with the Southern Movement. The southern secessionist

movement, which is formally a secular organization that has among its ranks former Sunni jihadists, has, to date, no established connections with either the Houthis or Iran. General Mohammed Saleh Tammah, a leader of the movement, told PolOff in May and July that the movement had repeatedly rejected offers of collaboration with the Houthis. Tammah told PolOff on September 6 that the movement's leaders wanted to continue peacefully advocating for separation, rather than affiliating themselves with the Houthis or external actors willing to advocate violence such as Iran. Some limited evidence, on the other hand, indicates that Iran might be a more willing partner with southerners fed up with the current regime. According to DATT contacts, the ROYG asked the then-Iranian military attache to leave Yemen in 2008, purportedly because he had attempted to make contact with separatists in the southern governorates. He has not been replaced. Former Yemeni Ambassador to Iran Radhi said that the Iranian Ambassador in Muscat had been instructed to "study the south of Yemen," especially Hadramout and Shabwa governorates.

IRAN'S SOFT POWER IN YEMEN

10. (S/NF) Perceived Iranian influence in other arenas is limited to informal religious ties between Yemeni and Iranian scholars and negligible Iranian investment in the energy and development sectors. Despite Yemen's 40% Zaydi Shiite population, religiously-based interaction between Yemen and the world's largest Shi'a country is limited, perhaps because the form of Shiism Zaydis practice hews closer to Sunni Islam than the Twelver Shiism of Iran. Ambassador Radhi, however, told the DCM on August 23 that he believes there is a lot of coordination on Yemen between Qom and Najjaf, with 40-50 Yemenis studying Islam in Najjaf, and some (NFI) studying in Qom as well. (Note: Given that Yemen has over 9

million Zaydis, it appears that the number of religious students studying in Iraq and Iran combined is very small. End Note.)

11. (S/NF) Iranian direct investment in the Yemeni economy is negligible, according to local Iranian businessmen Behrooz Rohani, Executive Manager of Hawk Oil Services, and Amir Shahrani, a senior partner at Yemen Energy Services Company. The only recent significant Iranian commercial activity in Yemen involves the ROYG's tortuous experience hiring the Tehran-based Parsian HV Substations Development Company to build the substation of the Marib 1 power plant (Ref C). ROYG officials at all levels told EconOff that the decision to hire the Iranian firm was purely political, rather than economic, stemming from a desire in 2005 to expand relations with Iran. The delays caused by the technical incompetence of the Iranian firm have resulted in hundreds of millions of U.S. dollars in foregone savings from switching away from expensive diesel and towards natural gas in the power sector. (Comment: Post believes Iranian commercial activity will remain limited in Yemen, absent future politically-driven bilateral trade missions. End Comment.) The Iranian government funds two hospitals in Sana'a that are among the better medical facilities in the capital. The management of the hospitals is Iranian, but the staff is largely local.

COMMENT

12. (S/NF) Yemen's formal relationship with Iran is by all accounts relatively fragile, and has continued to deteriorate in recent months. Since the start of the Sa'ada conflict in 2004, Yemen has looked to pin the Houthis' strength and resilience in fighting the ROYG on the Iranians. Despite Yemen's seemingly heartfelt concerns that Iran is backing the Houthi rebels and the ROYG's desire to convince its powerful friends (the U.S. and Saudi Arabia)

of Iran's nefarious intentions in Yemen, it has to date been unable to produce any concrete evidence of what it says is wide-scale meddling. It is post's firm belief that if Yemen had any concrete evidence that the Houthis had connections to either Hezbollah of Iran, it would have produced it immediately; the lack of such evidence likely indicates that the ROYG lacks any real proof of such links. On the other hand, Iran has clear strategic interests in gaining a foothold in Yemen (Sa'ada) and developing a proxy ally in the Houthis similar to Hezbollah in Lebanon. Post believes that, while it is worth keeping an eye on Iranian activities in Yemen, Tehran's reach to date is limited. END COMMENT.